

September 1959

AGRICULTURAL EXTENSION SERVICE (2) UNIVERSITY OF MINNESOTA INSTITUTE OF AGRICULTURE

AT A GLANCE: Early August indications point to soybean supplies on October 1 comparable to last year's record. This year's expected drop in production will no doubt be offset by larger carryover supplies. Total supplies of all edible fats and oils may be up 10%. Soybean meal production continues to set new records but the demand from livestock producers has been good. Prices of most high protein feeds, though, have declined from earlier in the year and probably will decline seasonally this fall when the crushings of the 1959 oil seed crops begin to pick up volume.

SITUATION

. Soybean production for this year is now estimated at 531 million bushels. This is 43 million bushels less than last year but carryover supplies are up about 30 million (see Table 1).

Table 1. Soybeans: supply and disposition
(year beginning October 1)

Supply	1956	1957	1958	1959 Aug.*
		million bushels		
Production	449	484	574	531
Carryover	4	10	21	50
Total	453	494	595	581
Utilization				
Seed & residual	42	33	30	
Crushings +	316	354	405	
Export (beans)	85	86	110	

* Indicated

+ For both domestic and foreign markets

. World supplies of soybeans and other oilseeds are influenced by two years of drought in the Far East, a severe drought in some areas of Europe, and uncertain crop conditions on Communist China.

OUTLOOK

. The U.S. crushing capacity for soybeans, estimated at 450 million bushels this year, is expanding to 500 million bushels for the 1959 crop according to trade sources. The demand for beans for crushing purposes is expected to exceed that of the past year.

. Soybean exports are expected to rise in 1959-60 as factors generating expansion during the current year are likely to continue to operate. Sales for dollars plus a large P.L. 480 program for edible oils (and lard) are expected to result in a peak outward movement. About two-thirds of the edible oil shipments this year are expected to move under P. L. 480.

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SITUATION

. New record supplies of edible fats and oils and oilseeds in the United States are expected for the 1959-60 marketing year -- up possibly 10% from last year due mainly to larger stocks of beans and more lard. There is not much change in stocks of other vegetable oils. Butter stocks are down considerably.

. The share of each year's soybean stocks absorbed by the major outlets remains relatively stable (Table 2).

Table 2. Percentage of total soybean stocks absorbed by each one of the three major market outlets and the percentage carried over, 1955 - 1959

	1955	1956	1957	1958	1959
	%				
Seed & residual	7	7	9	7	5
Crushings	73	74	70	72	68
Exports	17	18	19	17	19
Carryover	3	1	2	4	8
Total	100	100	100	100	100

. Market prices received by farmers for soybeans dipped slightly below support price levels the past two years (Table 3).

Table 3. Soybeans: level of U. S. support prices and prices received by farmers for crop years, 1955 - 1959

Price	1955	1956	1957	1958	1959
Support	\$2.04	\$2.15	\$2.09	\$2.09	\$1.89
Received by farmers	2.22	2.18	2.07	2.00	---

OUTLOOK

. Output of lard in the 1959-60 marketing year likely will increase around 11 percent; cottonseed oil over 25 percent; and a modest increase is expected in amount of soybean oil.

. Soybean meal production continues to set new records with an increasing demand observed in both the U.S. feed and foreign markets.

. An expected larger crush and possibly larger export movement this coming year promises to reduce next year's October 1 carryover stocks.

. "Free" or commercial supplies of soybeans going into the new year may be down 6% from a year ago. Supplies going into the new year seem sufficiently large to cause farm prices of soybeans to dip during the heavy marketing year towards the national price support level of 1.85 per bushel. Later in the year the trade will have to buy old crop beans from the CCC and this should bolster the seasonal average price.